

DOCKET SECTION  
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BEFORE THE  
POSTAL RATE COMMISSION

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 1997

DOCKET NO. R97-1

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**INTERROGATORIES OF UNITED PARCEL SERVICE  
TO MAGAZINE PUBLISHERS OF AMERICA WITNESS COHEN  
(UPS/MPA-T2-4 through 9)**

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(January 28, 1998)

Pursuant to the Commission's Special Rules of Practice, United Parcel Service hereby serves the following interrogatories directed to Magazine Publishers of America witness Cohen (UPS/MPA-T2-4 through 9).

Respectfully submitted,



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Of Counsel.

**INTERROGATORIES FROM UNITED PARCEL SERVICE  
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**UPS/MPA-T2-4.** Please confirm that using your proposed distribution technique (and the LIOCATT method), the cost for empty letter trays would be distributed, in part, to subclasses which are predominantly or exclusively comprised of flats and parcels. If not confirmed, please explain.

**UPS/MPA-T2-5.** Please confirm that using your proposed distribution technique (and the LIOCATT method), the cost for empty flat trays would be distributed, in part, to subclasses which are predominately or exclusively comprised of letters and parcels. If not confirmed, please explain.

**UPS/MPA-T2-6.** Please confirm that an empty item, before being emptied, could have been an IOCS identical item. If confirmed, please explain how it is unreasonable to use identical items to distribute the cost of empty items. If not confirmed, please explain.

**UPS/MPA-T2-7.** Please refer to page 29, lines 7-9, of your testimony.

(a) Please confirm that only 8 percent of empty and uncounted item costs are distributed on by Mr. Degen the basis of fewer than 5 tallies, as shown in DMA-LR-1. If not confirmed, please explain.

(b) Please confirm that less than 3 percent of identified mixed container costs are distributed by Mr. Degen on the basis of fewer than 5 tallies, as shown in DMA-LR-1. If not confirmed, please explain.

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(c) Please confirm that less than 4 percent of unidentified/empty container costs are distributed by Mr. Degen on the basis of fewer than 5 tallies, as shown in DMA-LR-1. If not confirmed, please explain.

(d) Please confirm that your analysis of distribution keys with fewer than 5 tallies includes distribution keys which would contain fewer than five tallies under the LIOCATT system (e.g., Nonmods Outgoing, Incoming, Transit, and Other pools). If not confirmed, please explain.

(e) Please confirm that LIOCATT uses distribution keys with fewer than 5 tallies in the distributing set. If not confirmed, please explain.

(f) Please confirm that your distribution analysis would result in distribution keys with fewer than five tallies. If not confirmed, please explain.

**UPS/MPA-T2-8.** Please refer to your testimony at page 13 at which you discuss the proportion of not handling mail costs by operation type.

(a) Please confirm that alternative explanations exist, other than that this data is a "clear indication of the phenomenon GAO identified," to explain this data. If not confirmed, please explain.

(b) Please confirm that some operations may, by their very nature, involve more "not handling mail" than other operations. If not confirmed, please explain.

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(c) Please confirm that the ratio of not handling costs to direct/mixed costs in the LSM pool is 0.35, while the same ratio for SPBS Priority Mail (SPBSPRIO) is 0.92 (as shown in LR-H-23 and Exhibit DMA-2). If not confirmed, please explain.

(d) Please assume that the ratios discussed above are the result of the nature of the LSM and SPBS Priority Mail operations. Please explain why it is not appropriate to distribute the costs for not handling mail by cost pools in this hypothetical example.

**UPS/MPA-T2-9.** Please refer to your Table 2, at page 14 of your testimony.

(a) Please confirm that the “automation refugee” problem could be evidenced by increasing (or stable) productivity in automated operations and simultaneous decreasing productivity in manual operations. If not confirmed, please explain.

(b) Please confirm that your Table 2 (reproduced in part below) shows average productivity change of + 4.5% for automated operations and + 5.8% for manual operations. Please explain how this is evidence of an “automation refugee” problem.

(c) Please confirm that an alternative explanation for the data presented in your Table 2 (reproduced in part below) is that letter productivity (whether manual or automated) has declined 16.8% while non-letter productivity has increased 16.7%. If not confirmed, please explain.

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**Percent Change in Productivity: FY 1988 - FY 1996**

	Percent	Operation	Letter	Non-
Operation	Change	Type	Letter	
Optical Character Reader	(38.0)	A	(38.0)	
Bar Code Sorter	2.0	A	2.0	
Letter Sorting Machine	(21.0)	A	(21.0)	
Manual Letter	(10.0)	M	(10.0)	
Manual Flat	(6.0)	M		(6.0)
Flat Sorting Machine	(18.0)	A		(18.0)
Manual Parcel	45.0	M		45
Mechanical Parcel	60.0	A		60
SPBS (Non-Priority)	37.0	A		37
Manual Priority	(6.0)	M		(6.0)
SPBS (Priority)	5.0	A		5.0
Mail Cancellation/Prep	9.0	A		
Average Automated	4.5	A		
Average Manual	5.8	M		
Overall Average			(16.8)	16.7

*Source: MPA-T-2, page 14.*

**CERTIFICATE OF SERVICE**

I hereby certify that I have this date served the foregoing document in  
accordance with section 12 of the Commission's Rules of Practice.

  
Stephanie Richman

Dated: January 28, 1998  
Philadelphia, PA